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Message Text

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17
ACTION EA-14

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 INT-08 FEA-02 DODE-00 PA-04 USIA-15 PRS-01

EUR-25 L-03 MC-02 SAJ-01 NSCE-00 AGR-20 DRC-01 /213 W
---------- 086537
R 200815Z SEP 74
FM USLO PEKING
TO SECSTATE WASHDC 2432
INFO AMCONSUL HONG KONG

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E.O. 11652: N/A
TAGS: ETRD, CH, US
SUBJECT: US BUSINESS VISITORS TO PEKING - SALES OF HEAVY MINING
TRUCKS AND PETROLEUM EQUIPMENT

REF: PEKING 1525 AND PREVIOUS

SUMMARY: SINCE OUR LAST REPORT IN THIS SERIES TWO
WEEKS AGO (REFTEL), TWO US FIRMS, WESTINGHOUSE AIR BRAKE
AND BAKER TRADING COMPANY, HAVE CONCLUDED SALES OF HEAVY
MINING TRUCKS AND PETROLEUM EQUIPMENT, RESPECTIVELY, TO THE PRC.
OTHER VISITORS HAVE INCLUDED A CHEMICAL FIRM PRIMARILY TO BUY
GUM ROSIN, A GRAIN TRADER WHO MAY POSSIBLE DISCUSS A NEW WHEAT
SALE, A SCIENTIFIC INSTRUMENTS COMPANY WHICH GAVE A TECHNICAL
SEMINAR TO CHINESE END-USERS, AN AMERICAN AFFILIATE OF A
JAPANESE TRADING FIRM WHICH HOPES TO BECOME ACTIVE IN US-CHINA
TRADE, BUYERS OF GRAPHITE AND OF HEADWEAR, AND REPS OF M.W.
KELLOG FOR TALKS IN CONNECTION WITH THE EIGHT AMMONIA PLANTS WHICH
THAT FIRM HAS SOLD TO THE PRC. END SUMMARY.

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1. THE ACTIVITIES OF REPS OF AMERICAN FIRMS WHO HAVE VISITED
PEKING IN THE LAST TWO WEEKS ARE SUMMARIZED AS FOLLOWS:

A) WABCO - ALTHOUGH WE HAVE ONLY A FEW DETAILS, WE HAVE LEARNED

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FROM DR. C.J. WANG (REFTEL) THAT WESTINGHOUSE AIR BRAKE (WABCO)
AND THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORP (MACHIMPEX)
HAVE REACHED AGREEMENT IN PRINCIPLE ON THE SALE OF WABCO HEAVY MINING
TRUCKS (OVER 35 TONS) TO THE PRC. THE SIZE OF THE SALE IS NOT
CLEAR, BUT WANG SAID IT WAS NOT SO LARGE AS THE $20 MILLION BUCYRUS
ERIE CONTRACT WITH WHICH HE WAS ASSOCIATED LAST YEAR. A LETTER OF
INTENT IS TO BE SIGNED BY BOTH SIDES SEPTEMBER 20, FOLLOWING
FINAL NEGOTIATIONS ON SPARE PARTS AND ONA WABCO TRAINING PROGRAM
FOR PRC TECHNICIANS. A FINAL CONTRACT WILL BE SIGNED IN ABOUT ONE
MONTH. THE WABCO TEAM WILL DEPART FOR HOME SEPTEMBER 21, THOUGH WANG
WILL REMAIN ON FOR ANOTHER WEEK. HE HAS PROMISED TO GIVE USLO A
FULLER REPORT IN A DAY OR TWO.

B) BAKER TRADING COMPANY -RAY PACE AND HIS GROUP (REFTEL) HAVE
SIGNED CONTRACTS WITH 3 BAKER OIL TOOL SUBSIDIARIES FOR THE
SALE OF OVER $1 MILLION WORTH OF A WIDE SELECTION OF PETROLEUM
EQUIPMENT (FOR USE, HE SAID, IN TESTING FORMATIONS IN WELLS
BEING DRILLED, FOR COMPLETION OF WELLS AND PRODUCTION, AND FOR LOW
VOLUME ARTIFICIAL LIFT). THE SALES ALSO INCLUDE SAMPLE QUANTITIES
OF SPARE PARTS. WHILE THE CONTRACTS ARE NOT AS LARGE AS PACE HAD
HOPED (THE CHINESE, HE SAID, PLEASED FOREIGN EXCHANGE
LIMITATIONS), HE IS OPTIMISTIC ABOUT SUBSEQUENT REORDERS. TALKS
HAVE NOW BEGUN ON TWO OTHER POSSIBLE SALES, ONE WITH ANOTHER
BAKER SUBSIDIARY ON A "MAJOR WORKOVER SYSTEM" FOR IMPROVEMENT OF OLD
WELLS, AND ONE WITH BYRON JACKSON INC. FOR HIGH VOLUME ARTIFICAL
LIFE EQUIPMENT. REPS OF BYRON JACKSON VISITED CHINA WITH PACE LATE
LAST YEAR. PACE IS ALSO DABBLING IN THE PURCHASE OF CHINESE
HANDICRAFTS IN THE HOPE (NAIVE, WE BELIEVE) THAT THIS WILL IMPROVE
HIS SALES PROSPECTS TO CHINA.

C) PERKIN ELMER (P.E.) A SIX-MAN TEAM FROM THIS MULTINATIONAL US
MANUFACUTURER OF SCIENTIFIC INSTRUMENTS WILL DEPART PEKING FOR
HOME SEPTEMBER 23 AFTER TWO AND ONE HALF WEEKS IN PEKING. LIKE
ROHM AND HASS AND STAUFFER CHEMICAL WHICH SENT TECHNICAL MISSIONS
TO PEKING EARLIER THIS SUMMER (PEKING 1136), THE P.E. GROUP HAS
BEEN GIVING TECHNICAL SEMINARS TO CHINESE END-USERS, AT THE
INVITATION OF THE RECENTLY ESTABLISHED TECHNICAL EXCHANGE
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DEPT OF THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL
TRADE. THE TEAM INCLUDES TWO AMERICANS, BUT IS LED BY RALF JUTVIK
OF P.E.'S SWEDISH SUBSIDIARY. ACCORDING TO JUTVIK, P.E. HAS
ALREADY SOLD INSTRUMENTS WORTH $2 MILLION TO THE PRC, OF WHICH
50 PERCENT CAME FROM THE US, AND HOPES TO DO SUBSTANTIALLY MORE
BUSINESS. THE TECHNICAL TALKS COVERED INFRA-RED SPECTROSCOPY AND
ATOMIC ABSORPTION SPECTROSCOPY, AND ALSO TOUCHED ON A PROPOSAL
WHEREBY P.E. WOULD SUPPLY INSTRUMENT "KITS" TO THE CHINA NATIONAL
MACHINERY IMPORT AND EXPORT CORP (MACHIMPEX), FOR INSTALLATION
IN THE PRC.

D) SOBIN CHEMICALS INC - JULIAN SOBIN, PRESIDENT OF THIS BOSTON

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FIRM, ACCOMPANIED BY HIS WIFE AND BY STANLEY MEIER, HIS CHIEF
ROSIN BUYER, ARE IN PEKING AT THE INVITATION OF THE CHINA NATIONAL
NATIVE PRODUCE AND ANIMAL BY-PRODUCTS IMPORT AND EXPORT CORP PRIMARILY

TO NEGOTIATE THE PURCHASE OF GUM ROSIN. SOBIN WHO HAS BEEN A
SUBSTANTIAL BUYER OF CHINESE GUM ROSIN THE PAST, WAS
ANNOYED AT THE SPRING CANTON FAIR TO FIND THAT ANOTHER US FIRM,
HERCULES, INC. HAD CORNERED THE ROSIN MARKET WITH A SUBSTANTIAL
PRE-FAIR PURCHASE IN PEKING WHICH LEFT LITTLE AVAILABLE FOR
SOBIN WHEN HE ARRIVED IN CANTON. NOW IT APPEARS HE IS HOPING TO TURN
THE TABLES WITH A SIMILAR LARGE PURCHASE IN ADVANCE OF THE FALL
CANTON FAIR. SOBIN WILL ALSO HAVE TALKS WITH THE CHEMICALS, THE
METALS AND MINERALS AND THE LIGHT INDUSTRIAL PRODUCTS CORPORATIONS.
IN ADDITION, HE PLANS TO SEE MACHIMPEX, ON BEHALF OF CONTINENTAL
CAN WHICH WISHES TO SELL HAM CANNING MACHINERY, AND TECHIMPORT,
ON BEHALF OF THE ARTHUR MCKEE CO. WHICH HOPES TO INTEREST THE
CHINESE IN A DIRECT REDUCTION PROCESS FOR STEEL PRODUCTION. FROM
PEKING SOBIN MAY GO TO ULAN BATOR FOR BUSINESS DISCUSSIONS THERE.

D) DREYFUS AND COOK GRAIN - DREYFUS REP MARQUOT, WHO DEPARTED
PEKING SEPTEMBER 14, INFORMED USLO THAT JACQUES LANG, OF COOK
GRAIN'S FRENCH SUBSIDIARY (UNION GRANIERE) HAD RECENTLY ARRIVED
IN PEKING, PRESUMABLY FOR DISCUSSIONS ON SOYBEAN PROBLEMS AND POSSIBLY

TO DISCUSS NEW WHEAT SALES (PEKING 1592). LANG HAS NOT BEEN IN
TOUCH WITH US, BUT ON SEPTEMBER 18 THE CHIEF GRAIN NEGOTIATOR OF THE
CHINA NATIONAL CEREALS, OILS AND FOODSTUFFS IMPORT AND EXPORT
CORP (CEROILFOOD) CONFIRMED TO US THAT LANG IS STILL IN TOWN.

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F) M.W. KELLOG - KELLOGG REPS PATRICK O'LEARY AND P.W. DOBI ARRIVED
IN PEKING SEPTEMBER 17 FOR DISCUSSIONS WITH THE CHINA NATIONAL TECHNICAL

IMPORT CORP (TECHIMPORT). THE CHIEF SUBJECT OF THE TALKS WILL BE
AMENITIES AND LIVING CONDITIONS FOR M.W. KELLOGG TECHS WHO WILL
RESIDE IN CHINA DURING PLANT CONSTRUCTION AND START-UP OPERATIONS.
KELLOGG HAS ALREADY SHIPPED ITS FIRST BATCH OF EQUIPMENT (DESTINED FOR

LUCHOW, SZECHUAN) AND EXPECTS THAT IT WILL ARRIVE IN SHANGHAI
WITHIN TWO OR THREE WEEKS. AS SOON AS THE EQUIPMENT REACHES THE
CONSTRUCTION SITE, KELLOGG WILL BE READY TO SEND ITS FIRST
TEAM OF TECHNICIANS. O'LEARY AND DOBI ANTICIPATE THAT THIS COULD
TAKE PLACE BEFORE THE END OF THIS YEAR OR, SHOULD TRANSPORATION
DELAYS OCCUR, EARLY IN 1975.

G) C. ITOH (AMERICA) INC - A THREE MAN MISSION FROM THIS NEW
YORK BASED AFFILIATE OF THE WELL KNOWN JAPANESE TRADING FIRM
VISITED PEKING LAST WEEK. THE MISSION MADE PRESENTATIONS TO ALL THE
PRC FOREIGN TRADE CORPORATIONS ON THE IMPORT-EXPORT BUSINESS WHICH
C. ITOH (AMERICA) WOULD LIKE TO HANDLE BETWEEN THE US AND CHINA.

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THE MISSION INCLUDED K. FUKATSU, PRESIDENT OF C. ITOH (AMERICA), K. OKUMURA, SENIOR VICE PRESIDENT IN CHARGE OF THE FIRM'S TEXTILES DIVISION, AND S. KAMEDA, SENIOR STAFF ASSISTANT WHO CALLED AT USLO TO GIVE US A REPORT ON THE GROUP'S ACTIVITIES. C. ITOH (AMERICA) IS MAKING A MAJOR EFFORT TO BROADEN ITS PARTICIPATION IN US-CHINA TRADE. THE FIRM RECENTLY JOINED THE NATIONAL COUNCIL FOR US-CHINA TRADE AND A REP OF THE DALLAS BRANCH (WHICH HAS SOLD US COTTON TO CHINA) WAS IN PEKING IN EARLY AUGUST (PEKING 1268) IN PART TO LAY THE GROUND WORK FOR THE BROADER MISSION. C. ITOH (AMERICA) WILL DRAW ON THE EXPERTISE OF THE PARENT JAPANESE FIRM'S LARGE STAFF OF CHINA TRADE SPECIALISTS IN TOKYO, AND IT APPEARS THAT THE FIVE TO TEN C. ITOH REPS WHO ARE IN PEKING ON AN ALMOST CONTINUAL BASIS IN CONNECTION WITH SINO-JAPANESE TRADE, WILL ALSO BEGIN TO PROMOTE THE FIRM'S INTEREST IN US-CHINA TRADE.

H) SCANTRON LTD. - W.K. SZETO, HEAD OF THIS HONG KONG TRADING FIRM WAS IN PEKING ON BEHALF OF A EUROPEAN PRINCIPAL. SZETO HAS BEEN PURCHASING HIGH GRADE PRC GRAPHITE REGULARLY ON BEHALF OF THE US ASBURY GRAPHITE CORP, WITH TOTAL PURCHASES IN 1974 NOW EXCEEDING $1 MILLION IN VALUE. DURING HIS PEKING STAY, SZETO MADE EFFORTS TO SECURE AN INVITATION FOR AN ASBURY GRAPHITE REP
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TO ATTEND THE FALL CANTON FAIR. COMMENTING ON HIS BUSINESS WITH ASBURY, SZETO SAID THE GRAPHITE HE BUYS IS DELIVERED TO HONG KONG WHERE IT IS SPLIT INTO LOTS FOR CONTAINERIZED SHIPMENT TO VARIOUS US DESTINATIONS.

I) HENRY POLLACK INC - THOMAS POLLAK OF THIS NEW YORK FIRM WHICH IMPORTS HEADWEAR AND HATBODIES IS VISITING PEKING AND SHANGHAI FOR BUSINESS DISCUSSIONS WITH THE CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT AND EXPORT CORP. POLLAK IS ALSO TALKING TO CHINA NATIONAL TEXTILES IMPORT AND EXPORT CORP (CHINATEX) ABOUT POSSIBLE PURCHASES OF SWEATORS. POLLAK, WHOSE FIRM HAS IMPORTED ABOUT $250 THOUSAND WORTH OF CHINESE GOODS SINCE IT SENT REPS TO THE FALL CANTON FAIR LAST YEAR, IS OPTIMISTIC ABOUT INCREASING PURCHASES FROM THE PRC.

2. THE ABOVE INFORMATION WAS PROVIDED TO USLO IN CONFIDENCE AND SHOULD BE TREATED AS COMMERCIALLY SENSITIVE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, TRADE VISITS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PEKING01633
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D740264-0703
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740990/abbrzbgv.tel
Line Count: 209
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: PEKING 1525 AND PREVIOUS
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2002 by kelleyw0>; APPROVED <06 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US BUSINESS VISITORS TO PEKING - SALES OF HEAVY MINING TRUCKS AND PETROLEUM EQUIPMENT
TAGS: ETRD, BTRA, CH, US
To: STATE INFO HONG KONG
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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